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MEMORANDUM FOR : Executive Director-Comptroller

THROUGH : Deputy Director for Support

SUBJECT : Potential Agency Commitment Under Small Business
Administration Minority Business Program

REFERENCE : Letter dtd 21 Jan 70 to the Director fr Administrator,
General Services Administration

1. This memorandum suggests your action; such requested action is contained in paragraph 5.
2. The reference requested this Agency to commit a specific dollar volume of forthcoming procurement to a new program designed to assist minority group businessmen. In an effort to arrive at a meaningful figure, we have taken the following two actions:
 - a. An analysis has been made of contractual actions entered into with small businesses during the first six months of this fiscal year.
 - b. Direct contact was made with the Small Business Administration to determine a formula to be utilized in arriving at the Agency commitment.
3. The volume of Agency business transactions with small businesses is not great, as indicated by the fact that during the first six months of this fiscal year we have spent less than \$2 million in this area. By Government standards, we should have spent nearly \$5 million during this same period. This rate of expenditure is not feasible for the Agency, however, as much of our procurement in this sector involves sophisticated research and development efforts, together with the state-of-the-art equipment resulting from such efforts. Our problem is further compounded by the fact that the great majority of all Agency housekeeping and general maintenance supplies are procured by direct requisition against the supply facilities of the General Services Administration and the Department of Defense. In this respect, it should be noted that both the General Services Administration and the Department of Defense will report their small business requirements within the framework of the present small business program.

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Minority Business Program**

4. As indicated in Attachment C of the reference, the Agency was requested to commit a proportional share of \$2.3 million (goal established for a grouping of various Federal agencies) for the balance of fiscal year 1970 and \$6 million for fiscal year 1971. Based on an analysis of the small business activity entered into during the first six months of this fiscal year, our shares, respectively, would be about \$6,000 for fiscal year 1971 and less than \$3,000 for the balance of fiscal year 1970. These figures were computed on the formula provided by the Small Business Administration. We do not recommend that these figures be announced as a goal for the Agency, as to do so would merely raise the question of apparent failure to meet the standard Government-wide procurement goal of assigning 15 percent of all procurement to the small business sector.

5. In consideration of the above factors, it is recommended that the attached letter setting forth our continued support of this Small Business Administration Program be signed. As you will note, it makes specific reference to the fact that a great amount of our normal administrative supplies are obtained directly from both the General Services Administration and various Department of Defense agencies.

Signed: John F. Blake

John F. Blake
Director of Logistics

Att

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